

REQUEST FOR COUNCIL ACTION

MEETING
DATE: 12/29/03

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ITEM NO.

E-19

AGENDA SECTION:
PUBLIC HEARINGS

ORIGINATING DEPT:
PLANNING

ITEM DESCRIPTION: Text Amendment #03-09 – To amend Section 60.175 regarding Fees of the Rochester Zoning and Land Development Manual.

PREPARED BY:
Larry
Klemenhausen

December 30, 2003

This text amendment will amend the current zoning and development application fees.

Planning Department Recommendation:

Planning monitors expenses and revenues pertaining to the administration of Rochester Zoning and Land Development Manual. As a result of this information, a fee schedule was adopted earlier this year. The fees for evaluating and processing development applications continue to be heavily supported by the tax levy. Adjusting these fees will require the applicants or developers fund a greater share of the costs of administering these programs.

The effect of accelerating a portion of the 2005 fee increase will be to reduce reliance on the County levy in support of development reviews. The cost for a typical lot with the approved compared to the proposed fee schedule. The net result for 2005 is no change; for 2004 the net change is \$11.51 per lot.

Planning Administrative Services Committee (PASC) Recommendation:

November 14, 2003, the PASC approved the recommended fee increases.

City Planning and Zoning Commission (CPZC) Recommendation:

The City Planning and Zoning Commission on December 10, 2003 held a public hearing, reviewed the text changes and the proposed fees. The Planning Commission recommended approval of Text Amendment #03-09. Motion carried 9-0.

Council Action Needed:

1. If the Council wishes to adopt the Text Amendment #03-09 and multi-year fee schedule, it should instruct the City Attorney to prepare an ordinance for adoption.

Attachments:

1. December 2, 2003 Staff Report and Text Amendment
2. Planning Administrative Services Committee – November 14, 2003 Minutes
3. City Planning and Zoning Commission - December 10, 2003 Minutes.
- 4.

Distribution:

1. City Clerk
2. City Attorney
3. City Administrator
4. Planning Department File

COUNCIL ACTION: Motion by: _____ Second by: _____ to: _____



Rochester-Olmsted Planning Department
2122 Campus Drive SE – Suite 100
Rochester, MN 55904-4744
(507) 285-8232

TO: City Planning and Zoning Commission
FROM: Larry Klemenhausen, AICP
DATE: December 2, 2003
RE: Text Amendment #03-09, to amend Section 60.175 regarding Fees of the Rochester Zoning Ordinance and Land Development Manual.

The Planning Administrative Service Committee (PASC) reviewed and approved the proposed fee schedule for zoning permits and development applications. The City Planning and Zoning Commission and the City Council will need to consider the fee proposal and take action before the fees can take effect.

In May 2003, the City Council adopted a fee schedule for a period of 2003 to 2005. An amendment to this fee schedule has been proposed to accelerate the fees pertaining to development reviews in 2004. The 2005 fees remain the same in this proposal. This increase is needed to retain the current level of service when processing development applications and to offset the decrease in tax levy of \$28,000 currently supporting this function.

The fee increase effective June 1, 2003 has increased revenues and improved the recovery rate to 48% this year. The table below indicates the level of activity processing development applications in recent years.

Year	Number of Applications	Time Hours	Expense	Revenue	Recovery Rate
2000	524	8,493	\$392,615	\$199,344	51%
2001	518	8,547	\$407,583	\$164,034	40%
2002	550	9,103	\$481,733	\$209,251	43%
2003*	429	7,118	\$404,641	\$192,254	48%

* January – October 2003

Amendment: The proposed amendment, as shown, includes the January 1, 2004 rate of fees as a reference in this report. The actual amendment, if adopted, will exclude the January 1, 2004 fee column and only include the fee rate effective February 8, 2004 and January 1, 2005. The 2005 fees rate remains unchanged.

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Section 60.175 Fees: There shall be fees adopted for various applications and requests for information from time to time by ordinance of the City Council. The fees adopted on the last date of the schedule below, will remain in effect until otherwise amended.

3) Development Application Fees:

Application Type	Rate of Fee		
	January 1, 2004	February 8, 2004	January 1, 2005
Urban Service Area			
Land Use Plan Amendment			
Less than 1 acre	\$1,200 per application	\$1,325 per application	\$1,600 per application
1 - 10 acres	\$1,200 + \$40 per acre	\$1,325 + \$42 per acre	\$1,600 + \$45 per acre
11 - 99 acres	\$1,600 + \$10 per acre	\$1,755 + \$12 per acre	\$2,050 + \$13 per acre
100 + acres	\$2,490 + \$1 per acre	\$2,823 + \$1 per acre	\$3,207 + \$1 per acre
Text Amendment	\$700 per application	\$770 per application	\$1,000 per application
General Development Plan	\$900 per application	\$1,000 per application	\$1,200 per application
Type I			
Home Occupation	\$280 per application	\$300 per application	\$325 per application
Site Development	\$280 per application	\$300 per application	\$325 per application
Design Modification	\$100 per application	\$110 per application	\$120 per application
Land Subdivision Permit	\$350 per application	\$385 per application	\$420 per application
PUD Amendments	\$400 per application	\$440 per application	\$475 per application
Performance Residential	\$400 per application	\$440 per application	\$475 per application
Conditional Use Changes	\$400 per application	\$440 per application	\$475 per application
Amendment to GDP	\$400 per application	\$440 per application	\$475 per application
Type II	\$650 per application	\$720 per application	\$850 per application
Type III - Phase I			
Less than 1 acre	\$850 per application	\$935 per application	\$1,100 per application
1 - 10 acres	\$850 + \$50 per acre	\$935 + \$55 per acre	\$1,100 + \$60 per acre
11 - 99 acres	\$1,350 + \$10 per acre	\$1,485 + \$12 per acre	\$1,700 + \$15 per acre
100 + acres	\$2,240 + \$1 per acre	\$2,553 + \$1 per acre	\$3,035 + \$1 per acre
Type III - Phase II			
Less than 1 acre	\$1,000 per application	\$1,100 per application	\$1,300 per application
1 - 10 acres	\$1,000 + \$50 per acre	\$1,100 + \$55 per acre	\$1,300 + \$60 per acre
11 - 99 acres	\$1,500 + \$10 per acre	\$1,650 + \$12 per acre	\$1,900 + \$15 per acre
100 + acres	\$2,390 + \$1 per acre	\$2,718 + \$1 per acre	\$3,235 + \$1 per acre

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Application Type	Rate of Fee		
	January 1, 2004	February 8, 2004	January 1, 2005
Type III - Phase III			
Less than 1 acre	\$850 per application	\$935 per application	\$1,100 per application
1 - 10 acres	\$850 + \$50 per acre	\$935 + \$55 per acre	\$1,100 + \$60 per acre
11 - 99 acres	\$1,350 + \$10 per acre	\$1,485 + \$12 per acre	\$1,700 + \$15 per acre
100 + acres	\$2,240 + \$1 per acre	\$2,553 + \$1 per acre	\$3,035 + \$1 per acre
Type III - Phase I - Variance			
Residential Use	\$330 per application	\$360 per application	\$425 per application
Residential Use with Multiple Lots	\$330 per application \$120 per additional lot	\$360 per application \$135 per additional lot	\$425 per application \$150 per additional lot
Non-Residential Use	\$650 per application	\$720 per application	\$850 per application
Appeals	\$330 per application	\$360 per application	\$425 per application
Type II			
Land Subdivision Permit	\$800 per application plus \$15 per lot	\$880 per application plus \$17 per lot	\$1,000 per application plus \$20 per lot
Type III			
Land Subdivision Permit	\$900 per application plus \$15 per lot	\$1,000 per application plus \$17 per lot	\$1,200 per application plus \$20 per lot
Type III			
Final Plat	\$650 per application plus \$15 per lot	\$720 per application plus \$17 per lot	\$850 per application plus \$20 per lot
New Special District			
Less than 1 acre	\$1,200 per application	\$1,320 per application	\$1,600 per application
1 - 10 acres	\$1,200 + \$40 per acre	\$1,320 + \$42 per acre	\$1,600 + \$45 per acre
11 - 99 acres	\$1,600 + \$10 per acre	\$1,740 + \$12 per acre	\$2,050 + \$13 per acre
100 + acres	\$2,490 + \$1 per acre	\$2,808 + \$1 per acre	\$3,207 + \$1 per acre
Special District			
Project Development Plan, Amendments, or Final Site Plan			
Less than 1 acre	\$1,000 per application	\$1,100 per application	\$1,300 per application
1 - 10 acres	\$1,000 + \$40 per acre	\$1,100 + \$42 per acre	\$1,300 + \$45 per acre
11 - 99 acres	\$1,400 + \$10 per acre	\$1,520 + \$12 per acre	\$1,750 + \$13 per acre
100 + acres	\$2,290 + \$1 per acre	\$2,588 + \$1 per acre	\$2,907 + \$1 per acre
Annexation			
Less than 1 acre	\$650 per application	\$720 per application	\$850 per application
1 - 10 acres	\$650 + \$40 per acre	\$720 + \$45 per acre	\$850 + \$50 per acre
11 - 99 acres	\$1,050 + \$4 per acre	\$1,170 + \$4 per acre	\$1,350 + \$5 per acre
100 + acres	\$1,406 + \$1 per acre	\$1,526 + \$1 per acre	\$1,795 + \$1 per acre

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Application Type	Rate of Fee		
	January 1, 2004	February 8, 2004	January 1, 2005
Vacations			
Utility Easement	\$330 per application	\$360 per application	\$425 per application
Right of Way, Alley & Other	\$650 per application	\$720 per application	\$850 per application
Traffic Impact Study			
Rezoning Traffic Analysis or Traffic Impact Report	\$150 per application plus \$70 per hour (over 2 hrs)	\$150 per application plus \$70 per hour (over 2 hrs)	\$150 per application plus \$75 per hour (over 2 hrs)
Traffic Design Analysis or waived Traffic Impact Report	\$70 per application	\$70 per application	\$75 per application
Thoroughfare Plan Amend.	\$650 per application	\$720 per application	\$850 per application
Environmental Worksheet			
Less than 1 acre	\$1,200 per application	\$1,320 per application	\$1,600 per application
1 - 10 acres	\$1,200 + \$60 per acre	\$1,320 + \$65 per acre	\$1,600 + \$70 per acre
11 - 99 acres	\$1,800 + \$11 per acre	\$1,970 + \$13 per acre	\$2,300 + \$15 per acre
100 + acres	\$2,779 + \$1 per acre	\$3,127 + \$1 per acre	\$3,635 + \$1 per acre
Environmental Impact Statement	To be determined on a contractual basis	To be determined on a contractual basis	To be determined on a contractual basis
Manufactured Home Park			
1 - 10 homes	\$1,000 (1-10 homes)	\$1,100 (1-10 homes)	\$1,300 (1-10 homes)
11 - 99 homes	\$1,000 + \$15 per home	\$1,100 + \$17 per home	\$1,300 + \$20 per home
100+ homes	\$2,350 + \$5 per home	\$2,630 + \$5 per home	\$3,100 + \$5 per home
Manufactured Home Park Amendment	\$650 per application	\$720 per application	\$850 per application

The effect of accelerating a portion of the 2005 fee increase will be to reduce reliance on the County levy in support of development reviews. The table below compares the cost for a typical lot with the approved compared to the proposed fee schedule. The net result for 2005 is no change; for 2004 the net change is \$11.51 per lot.

	Approved Development Fees per lot	% Increase from Previous Year	Proposed Development Fees per Lot	% Increase from Previous Year
2002	\$71.33			
2003	\$90.33	27%	\$90.33	27%
2004	\$115.17	27%	\$126.68	40%
2005	\$150.67	31%	\$150.67	19%

PLANNING ADMINISTRATIVE SERVICES COMMITTEE

Minutes of the regular meeting of the Planning Administrative Services Committee held on Friday, November 14, 2003 in Conference Rooms A and B, located at 2122 Campus Drive SE, Suite 100, Rochester, Minnesota 55904.

Members Present: Ms. Janet Hoffmann, Townships
Mr. Jean McConnell, City Council
Mr. Matt Flynn, County Commissioner
Mr. Sandra Means, City Council

Members Absent: Mr. Jerry Hendricks Small Cities
Mr. Jim Bier, County Commissioner

Staff Present: Mr. Phil Wheeler, Planning Director
Mr. Larry Klemenhausen, Administrative Planning Supervisor
Mr. Ron Livingston, Planning Division Supervisor
Ms. Jan Chezick, GIS Division Supervisor
Ms. Mary Sheehan, Secretary

Others Present: Mr. Stevan Kvenvold, Rochester City Administrator

ADMINISTRATIVE BUSINESS:

Chairperson Mr. Jean McConnell called the meeting to order at 12.05 pm.

Mr. Flynn moved, seconded by Ms. Hoffmann to approve the minutes of the March 4, 2003 meeting. The motion carried unanimously.

Mr. Wheeler stated that he would like to add one item, a current fee revenue report, to the agenda. Mr. McConnell accepted the item as an additional item to the agenda.

ITEMS TO BE PRESENTED:

1. Fee Revenue Report

Mr. Klemenhausen presented the current fee revenue report for the Planning Department and gave an update on the fee revenue realized for the first 10 months of 2003. The Planning Department will be approximately \$200,000 above the budget in terms of fee revenue for this year if the higher than anticipated building activity continues. He reported that the building permit activity in the Inspections Division has been especially active, in this area alone, revenues are anticipated to be \$137,000 more than budgeted. Since building permit fee have not been changed since January

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2000, the additional revenue is due primarily to increased permit volume. He stated that the GIS impact and addressing fees were not represented in the report, but that he anticipated that this year's revenues would exceed the \$40,000 budgeted for GIS fees.

2. Review the role of the PASC in budget and work program approval.

Mr. Wheeler presented a copy of the PASC Agreement and reviewed the role of the Planning Advisory Services Committee. He stated that the PASC Board was responsible for recommending to the County Board what amount of tax levy should be applied to the Planning Department. The PASC Board then determines the work program for the Planning Department subject to the levy amount.

Discussion ensued regarding the amendments made to the PASC agreement.

3. Rochester-Olmsted Planning Department Budget.

Mr. Wheeler explained that the proposed budget meets the Planning Department's share of the County's overall budget goal, without a reduction in staff, by a combination of factors: reliance on the already approved fee increases; increased grant revenues in the housing and transportation area; and also a reduction in operating expenses that include \$32,000 in consultant fees and an additional \$22,000 of other expenses. The \$162,000 of additional revenue includes \$98,000 of additional fee revenue, and \$64,000 of additional transportation planning grant revenue. The proposed budget results in a 25% reduction in the levy for the department and would also continue to provide the services that the community is demanding. The only staff impact would be the loss of an intern position that has not been filled.

Mr. McConnell asked if the budget had enough "fudge factor" to support the Planning Department if revenues were to go way down.

Mr. Wheeler replied that he did not think that revenue would go way down next year because of the number of vacant lots that already exist in recently approved plats in the immediate area around Rochester.

4. Consider recommendation for accelerating second year of approved development fees.

Mr. Wheeler stated that the Planning Department was approved for a 3 year, 30% per year, increase in the fees related to development applications that require hearings. He proposed that the second year 30% fee increase be increased to 43%, and consequently the third year fee increase be reduced by 18%, which would move \$28,000 of increased revenue from year 2005 to 2004. Accelerating the revenue would not affect the ultimate fees charged in the third year, but would reduce the subsidy amount that the taxpayer would pay for reviewing development applications as a share of total expenses in the second year. The average price of a lot would increase by only \$10, which would be a fairly small impact given the price of a lot.

He stated that accelerating the revenue would be another way to cover the cost of reviewing development applications and enable staff to continue to respond in a timely fashion. Losing staff would require more time to review applications and would ultimately add more than \$10 to the cost of new lots. Mr. Kvenvold asked if the "60-day rule" would prevent the Planning Department from taking more time to review the development applications.

Mr. Wheeler replied yes, unless the applicant approved more time. He stated that a third possible option would be to simply process applications without staff review, but that he thought it would not be wise because staff adds considerably to the quality of the applications that come through and ultimately get approved.

Mr. Kvenvold stated that the majority of the City Council's time is involved with development activity. The City Council relies heavily on Planning staff input. He stated that more Planning staff input is needed in the long-range planning area. If the Planning Department were to reduce staff, there would be no time available for long-range planning at all. He would much rather see fee increases than a reduction in staff.

Ms. Means stated that the City Council relies on the expertise and professionalism of the staff. Reducing staff is not an option, because of the need for a collaborative effort of the Planning staff to assist the City Council.

Mr. Wheeler stated that the public, neighborhood associations, as well as the developers expect the Planning staff to do a thorough and objective job of reviewing new developments.

Mr. Flynn stated that, theoretically, computers take a lot of personnel hours away. There is a correlation between extra staff time and the public relations time. He stated that neighborhood meetings are only public relations time.

Mr. Kvenvold stated that the neighborhood meetings are very important from the City Council's standpoint. Neighbors come to the meetings upset about new development issues. The best way to address their concerns is for Planning staff to meet with the neighborhood associations.

Mr. Wheeler stated that Planning staff meets the needs of the neighborhoods by providing objective facts regarding development. The staff does not try to organize, nor diffuse, neighborhood opposition but to simply address the concerns and give the information needed to answer the questions that are brought up.

Ms. Means stated that the taxpayers should have their voices heard and they need access to as much information to understand the changes taking place in their neighborhood.

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Mr. Kvenvold stated that he could understand why developers don't like fee increases but they would pay more to develop in the Twin Cities metro area. He asked the Board to consider who should pay for the cost of new developments; should the new people moving in pay for the development or should the people already living in the area cover the costs. The fees would move the cost to the new people rather than to the existing people.

Mr. Flynn stated that he did not agree with this increase in revenue fees. The Board had already implemented a 30% increase in fees over the next 3 years and the fees should not be increased.

Mr. Wheeler stated that the proposed budget accelerates the revenue over the middle years, but the end result for the third year fee rates remains the same.

Mr. McConnell asked Mr. Flynn if he would rather see the added development expenses covered by the general funds that are paid by the taxpayers instead of having the developers pay the fees.

Mr. Flynn replied yes. He expressed his concern that most people feel they don't receive the amount of services they get taxed for, although taxes cover a lot of services the public does not see that are needed to be able to live in a nice community.

Mr. Kvenvold stated that, when new development comes in, it should pay for the costs that it generates, including paying for staff review of the development. The cost of the development should go to the new people that are building the new houses on the new land, and not to the people living in the existing older homes in the City.

Discussion ensued regarding the costs involved for the City for new development.

Ms. Means stated that it is appropriate to start capturing some of the true costs of doing business instead of subsidizing the cost by other forms of government.

Mr. Flynn stated that was not realistic. He stated that he thought the government workers could not afford to price themselves out of a job either.

Ms. Means stated that the fees should reflect a more accurate dollar amount for services rendered.

Discussion ensued regarding who should pay for new development.

Mr. Kvenvold asked Mr. Flynn if he would be more supportive of a fee to developers than to have his constituents property taxes increase.

Mr. Flynn replied that the fee to the developer would get passed down to the person buying the house anyway. We should try to provide affordable housing.

Mr. Wheeler stated that the average price of homes has gone up because of the high demand for construction and also the average size of homes is getting larger.

Mr. McConnell stated that most of the lower and middle-income people live in the older areas of Rochester.

Mr. Wheeler stated that lower and middle-income people do not buy homes in the fringe area. Most of the people that are getting the benefit of having 55% of the development costs being covered by the taxpayer are not lower-income people but affluent new home purchasers. If we were to target an affordable housing program, we would do better not to have everyone pay for the cost of new lots.

Mr. McConnell stated that he was uncomfortable with how high the fees are going.

Mr. Wheeler stated that the PASC Board could make a recommendation to the County Board not to accelerate the fees and have the costs of development review covered by restoring \$28,000 from the levy.

5. Consider recommendation for increase in GIS and addressing fees.

Mr. Wheeler made corrections to the E911 Addressing/GIS Fee report. He noted that had the new fees been in effect January 1, 2003, the tax levy would have been reduced to 54% of expenses, not 52%. And the proposed fee for recorded plats would be \$300 instead of \$250, plus \$10 per lot.

Mr. Wheeler stated that the rationale for having the new property owner pay for his own address is that his address is unique to that property and that the owner is the chief beneficiary of having the address. On the other hand, there is a general broad public interest in quality wells for safe-drinking water, which is funded in larger proportion by the general fund. Currently, a new property owner pays for all of the building and zoning fees, but the general public pays 80% of the cost of assigning and tracking the new property owner's address. Since we are charging the new property owner 100% of the building and development costs, it would seem reasonable to have the property owner pay for his own address.

Mr. Wheeler explained that it is mainly new development that creates most of the new base map activity. In order to make up for the loss in State aid to the County and still maintain the excellent quality of the GIS function, we need to either restore the levy or increase fees. He explained that the proposal is to raise the cost for plats by 50% and lots by 100%, but that all other fees would remain the same in the addressing area.

Mr. Wheeler stated that the Olmsted County GIS Department is "world class." He updated the Board on the excellent progress made by the GIS Department in the area of the Roadway Network Database and explained how it will enable the department to network dispatching and perform other transportation system management functions, working with MnDot, by creating an intelligent map. He stated that, because of

reliance on the GIS system, the department costs for salary and personnel cost have been kept low.

Ms. Chezick stated that the Olmsted County GIS Department is the primary source for homeland security information. We have developed and maintain a lot of data that would be relied on in the event of an emergency. We continue to maintain the level of expertise that is critical for progressing with the Roadway Network Database.

Mr. McConnell asked if all the new technology in the GIS department was included in the budget.

Mr. Wheeler replied yes. He explained that, in order to maintain the GIS Department, \$70,000 in revenue would either need to come from the proposed fee increases, which would reduce the Department's levy by 25%, or from restoring \$70,000 from the levy. He recommended that the PASC Board make a recommendation to the City Council and the County Board for the proposed development fees, and to the County Board for the increased GIS and addressing fees.

Mr. Kvenvold recommended that the PASC Board adopt the proposed budget, which would maintain the level of staff service available to meet the needs of the community, whether through levy or fee increases. He suggested that the budget be met through a fee increase rather than through the levy.

Mr. Flynn stated that the budget did not take into account the potential for growth in business next year and made note that the budget was already over by \$200,000 this year.

Mr. Wheeler stated that the \$200,000 is partly the result of the increased fees that were already approved. He stated that the fee increases that were already approved were factored into the proposed budget. He stated that Planning department does not keep the excess revenues generated, but the revenue would go into the general fund.

Ms. Means stated that the Planning Department has under-charged and relied on other resources to subsidize the services, and that it is time to recapture some of the actual costs through fees. She stated that the development fees are lower than the metro area.

Ms. Means made a motion to adopt the budget as proposed by the Planning Department to continue to maintain staff for the services provided to the citizens, either through restoring the levy or through fee increases, with preference for increasing the fees to reflect a more accurate dollar amount for services rendered. Ms. Hoffmann seconded the motion. The motion carried 3-1, with Mr. Flynn voting nay.

Mr. Kvenvold stated that the County Board would make the judgment of either increasing the fees to maintain the level of service or restoring a portion of the levy.